

ZIEGLER CHEMICAL & MINERAL CORP. 5 041 0063

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October 8, 2014

April A. Abate **Environmental Scientist III** State of Utah Department of Natural Resources Division of Oil, Gas, and Mining 1594 West Temple, Suite 1210 Salt Lake City, UT 84114-5801

Dear April,

Thank you for working with me to clear up the issues with our reclamation bonds. Attached are our responses to the 4 citations we received August 15, 2014.

Citation MN-2014-60-6 is for the 2103 annual report for the Neal mines is now complete.

Citation MN-2014-60-5 is for the 2013 annual report for the Harrison mine is now complete.

Citation MN-2014-60-3 is for the 2013 annual report and upgraded bond for the Tom Taylor mine. The annual report is enclosed, and per our discussion, the current reclamation bond is for the behalf of the BLM and does not list DOGM. We are having trouble getting this bond replaced. We have been slowly removing the items from this area, and should be able to be ready to seed the land in May of 2015 so that it can be removed from this bond and satisfy DOGM's concerns.

Citation MN-2014-60-4 is for the 2007-2013 annual reports and large mine plan for the area listed as Cowboy Bandana mine. The annual reports are enclosed. Based on our discussion, we plan to do an inventory of this property, remove the areas already reclaimed, and divide the bond up by mine. This is a large undertaking and we expect to need a few months' time of warm weather to accomplish the first stage. As we enter the winter, this will become increasingly difficult, so we request to set a completion date of the inventory and requests for changing the bonds to August 1, 2015.

Please let me know if this letter is sufficient to get extra time to correct the issues in these citations. I plan to travel to Utah October 20, can we meet to discuss?

Sincerely,

ZIEGLER CHEMICAL & MINERAL CORP.

President

Cc: L.T. Souren G.S. Ziegler, Jr.

DNR

Citation for Non-Compliance

| Citation #: | MN-2014-60-6 |
|----------------|--------------|
| Permit Number: | S/047/0063 |
| Data Isanada | 00/00/2014 |

| Date Issued: 08/08/2014 | | |
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| | | |
| PRDER (CO) FAILURE TO ABATE C | | |
| spector ID and Number: April Abate - 60 | | |
| ate of Inspection: n/a | | |
| ate and Time of Service: 08/05/2014 01:08 pm | | |
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| | | |
| ing Operations describing its operations during t | | |
| es) below: | | |
| ing activities. | | |
| N(S) of the mining activities. | | |
| Permittee/Operator is/has been conducting mining activities without a Permit. | | |
| Permittee has failed to abate Violation included in | | |
| Citation # within time for | | |
| abatement originally fixed or subsequently extended | | |
| : Abatement Times (if applicable | | |
| Annual reports 60 days - 10/8/2014 | | |
| ril A. Abate (Representative (Print) (Representative's Signature Date (Actions And Additional Information | | |
| | | |

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

1594 West North Temple - Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801 Telephone: (801) 538-5291 Fax: (801) 359-3940

SMALL MINING OPERATIONS PROGRESS REPORT January 1, 20 13 to December 31, 20 13

The information required in this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, and the rules as under the Utah Minerals Regulatory Program. The report is due January 31 each year.

| | 1. | Mine Permit Number: S/047/0063 Mine Name: Neal 7, Neal 5, Neal 4 | | |
|------------|---|---|----------|--|
| | 2. | Mine Name: Neal 7, Neal 5, Neal 4 | | |
| | 3. | Name of Operator/Permittee: Ziegler Chemical & Mineral Corp. Note: If Operator's address, company representative or phone number have changed, please provide a replacem for the Notice of Intention together with form MR-REV available on the Division's web page at https://fs.ogm.utah.gov/pub/MINES/Minerals Related/FORMS/MR-REV-SMO EXP.pdf. | ent page | |
| | 4. | Report the gross amount of ore mined and waste moved. | | |
| | | Gross Ore Mined $\frac{1,393}{50}$ Tons, or $\frac{yd^3}{50}$ Waste Material Moved $\frac{50}{50}$ Tons, or $\frac{yd^3}{50}$ | | |
| | | Waste Material Moved — Tons, or ——yd ³ | | |
| | 5. | New disturbance created during the year Acres | | |
| | | Area reclaimed during the year Acres | | |
| | | Total Disturbed Area at the end of the year Acres* | | |
| | | *The total disturbed area should not be greater than the permitted/bonded acreage. | | |
| | 6. Briefly describe the reclamation work performed during the past year. A map sh reclaimed areas and dates is suggested. | | | |
| | | Contouring and reseeding of Neal 4 and Neal 5 was done in 20 | 13. | |
| | | | | |
| now | I hero vledge an | by certify the information provided in this report is true and correct to the best of m d belief. | y | |
| | | Name (Typed or Print):Chip Ziegler | | |
| | | Title of Operator: President | | |
| | | Signature of Operator: | | |
| | | Date: August 19, 2014 | | |
| b :\FOI | RMS\reports | \MR-AR-SMO2011.doc | | |
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